

**A-Engrossed**  
**House Bill 2885**

Ordered by the House April 18  
Including House Amendments dated April 18

Sponsored by Representatives DALLUM, KOTEK; Representatives BUTLER, DINGFELDER, GARRARD, GILMAN, GIROD, JENSON, KOMP, KRUMMEL, LIM, MAURER, MINNIS, OLSON, ROBLAN, SCHAUFLE, SHIELDS, G SMITH, THATCHER, TOMEI, WITT, Senators BURDICK, FERRIOLI, G GEORGE, L GEORGE, GORDLY

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Department of Education to award grants to remote and necessary school districts. Establishes Remote and Necessary School District Fund. Appropriates fund continuously to department for grants.

Sunsets June 30, 2009.

Appropriates moneys from General Fund to department for grants.

**Directs legislative interim committees on revenue to conduct study of adequacy of funding of small school districts and make recommendations to Seventy-fifth Legislative Assembly.**

Declares emergency, effective July 1, 2007.

**A BILL FOR AN ACT**

Relating to school finance; appropriating money; and declaring an emergency.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1. The Remote and Necessary School District Fund is established in the State Treasury, separate and distinct from the General Fund. Moneys in the Remote and Necessary School District Fund are continuously appropriated to the Department of Education to award as grants under section 2 of this 2007 Act.**

**SECTION 2. (1) As used in this section, "remote and necessary school district" means a school district that offers kindergarten through grade 12 and has:**

**(a) An average daily membership (ADM), as defined in ORS 327.006, in the prior fiscal year of less than 110; and**

**(b) A school that is located, by the nearest traveled road, more than 20 miles from the nearest school or from a city with a population of more than 5,000.**

**(2) Each fiscal year, the Department of Education shall award grants to remote and necessary school districts for the purpose of making up the difference between a district's general fund operating costs and the amount received by the district as a State School Fund grant.**

**(3) To receive a grant under this section, a remote and necessary school district shall submit to the department:**

**(a) The budget of the district for the fiscal year for which the grant is requested; and**

**(b) A plan for the use of the requested grant moneys.**

**(4) The department shall award grants under this section based on the information submitted under subsection (3) of this section and the need level of the remote and necessary**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 school district.

2 (5) The grant amount that a remote and necessary school district may receive under this  
3 section each fiscal year is equal to the lesser of:

4 (a) \$200,000; or

5 (b) An amount equal to the district's percentage of the Remote and Necessary School  
6 District Fund.

7 (6) A remote and necessary school district's percentage of the Remote and Necessary  
8 School District Fund is equal to the total amount available in the fund each fiscal year for  
9 grants divided by the number of remote and necessary school districts that qualified for a  
10 grant in that fiscal year.

11 (7) The State Board of Education may adopt rules to implement this section.

12 **SECTION 3.** Sections 1 and 2 of this 2007 Act are repealed on June 30, 2009.

13 **SECTION 4.** Any moneys remaining in the Remote and Necessary School District Fund  
14 on June 30, 2009, shall be transferred to the General Fund.

15 **SECTION 5.** There are appropriated to the Department of Education, out of the General  
16 Fund, for the Remote and Necessary School District Fund, the following amounts:

17 (1) For the fiscal year beginning July 1, 2007, the amount of \$2.2 million.

18 (2) For the fiscal year beginning July 1, 2008, the amount of \$2.2 million.

19 **SECTION 6.** (1) During the 2007-2009 biennium, the legislative interim committees on  
20 revenue shall conduct a study of the adequacy of funding of small school districts. The  
21 committees shall examine:

22 (a) Whether the additional amounts received by small school districts that are attribut-  
23 able to the additional amount added to the ADMw of those districts under ORS 327.013  
24 (7)(a)(F) and 327.077 and the amount awarded as grants under ORS 327.357, when combined  
25 with other funding, are adequate to provide sufficient funding for those small school dis-  
26 tricts;

27 (b) What types of small school districts are not being provided adequate funding; and

28 (c) The long term effects of not providing small school districts with adequate funding.

29 (2) Based on the study, the legislative interim committees on revenue shall make rec-  
30 ommendations to the Seventy-fifth Legislative Assembly and may pre-session file proposed  
31 legislation that would implement the recommendations.

32 **SECTION 7.** This 2007 Act being necessary for the immediate preservation of the public  
33 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect  
34 July 1, 2007.

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